

Producer Response to Changes in Retail Food Market

February 24, 2005

2005 USDA Agricultural Outlook Forum
Amy Philpott - United Fresh Fruit & Vegetable Association
www.uffva.org & www.produceshow.com



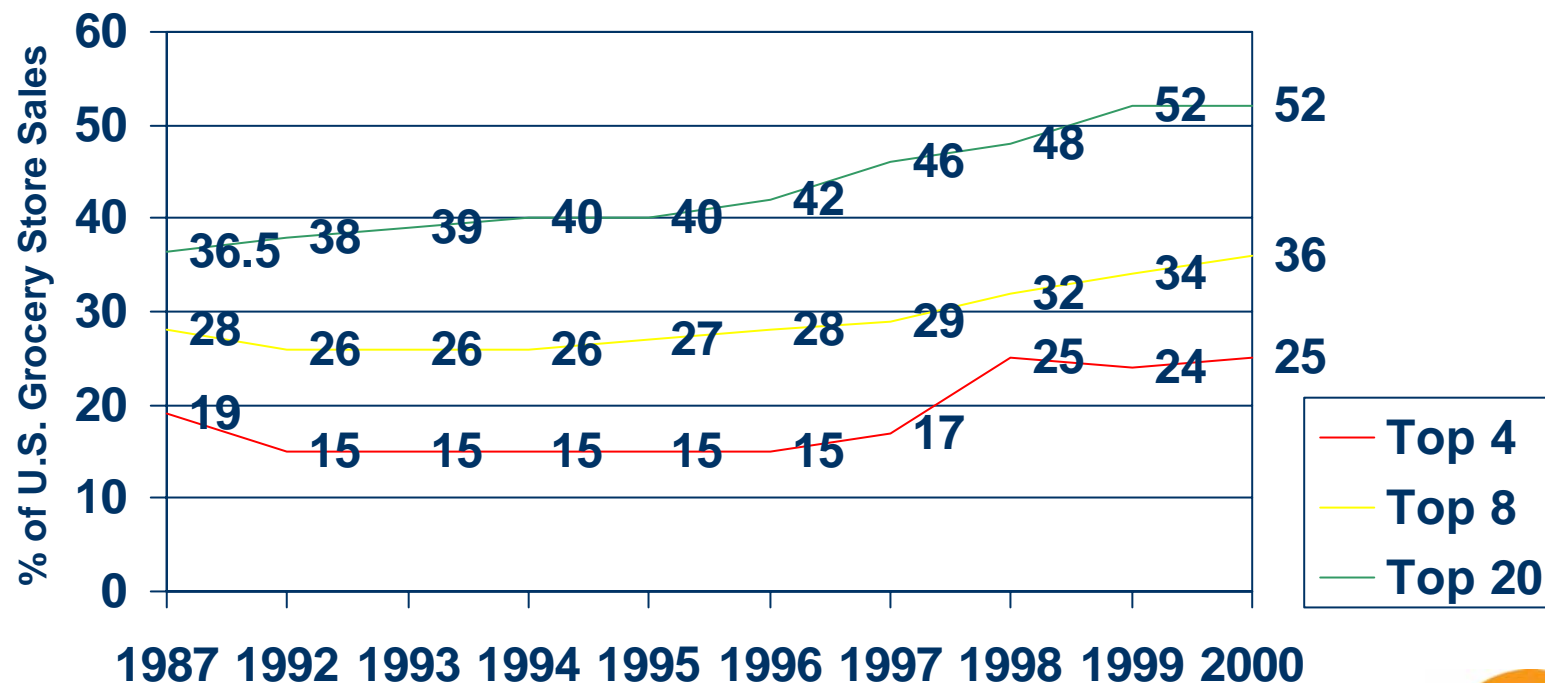
Structural Changes Impacting Produce

- Retail Structure

- New store formats
- “traditional” retail outlets not always traditional for produce
- Consolidation



Grocery Store Concentration



Source: USDA/ERS

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Consumption Changes Impacting Produce

- National Health Concerns/Obesity Crisis
- Demand for Convenience
- Increase in away-from-home food expenditures

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Producer Responses to Changes in Retail Structure

- Entering joint marketing efforts
 - Economy of scale
 - Stable supplier
 - Expand product offerings
- Establishing closer relationships with retailer
 - Inventory management
 - Active role in improving profitability

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Producer Responses to Changes in Retail Structure (cont'd)

- Providing other services
 - Plastic returnable containers (PRCs)
 - Automatic inventory programs
 - Third-party certifications
- Targeting niche markets
 - Organic, Farmer's, Hydroponics
 - Low volume, high growth retail outlets
 - Agri-tourism, on-the-farm activities, mail order sales, pay-to-pick

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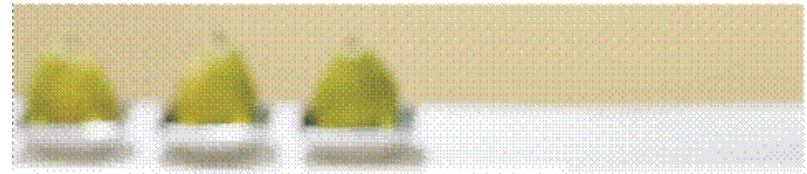
Producer Responses to Consumption Changes

- Providing Variety
 - New produce offerings
 - New touch to well-known offerings
- Convenience

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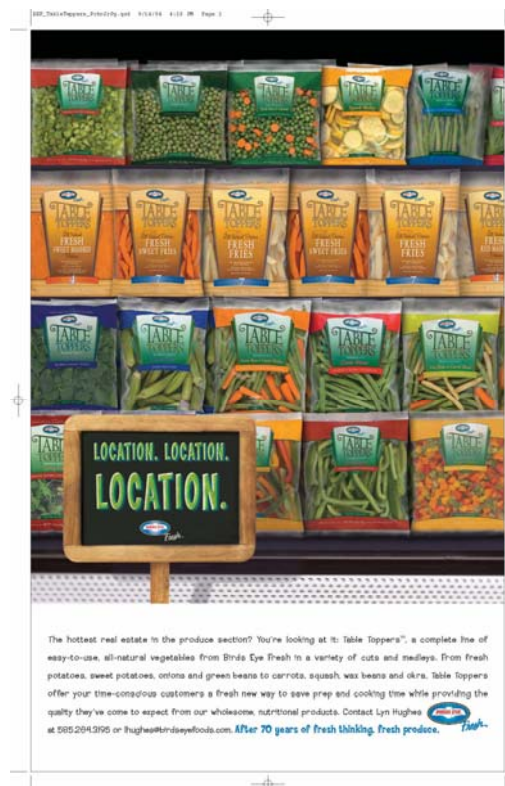
Answering to Convenience



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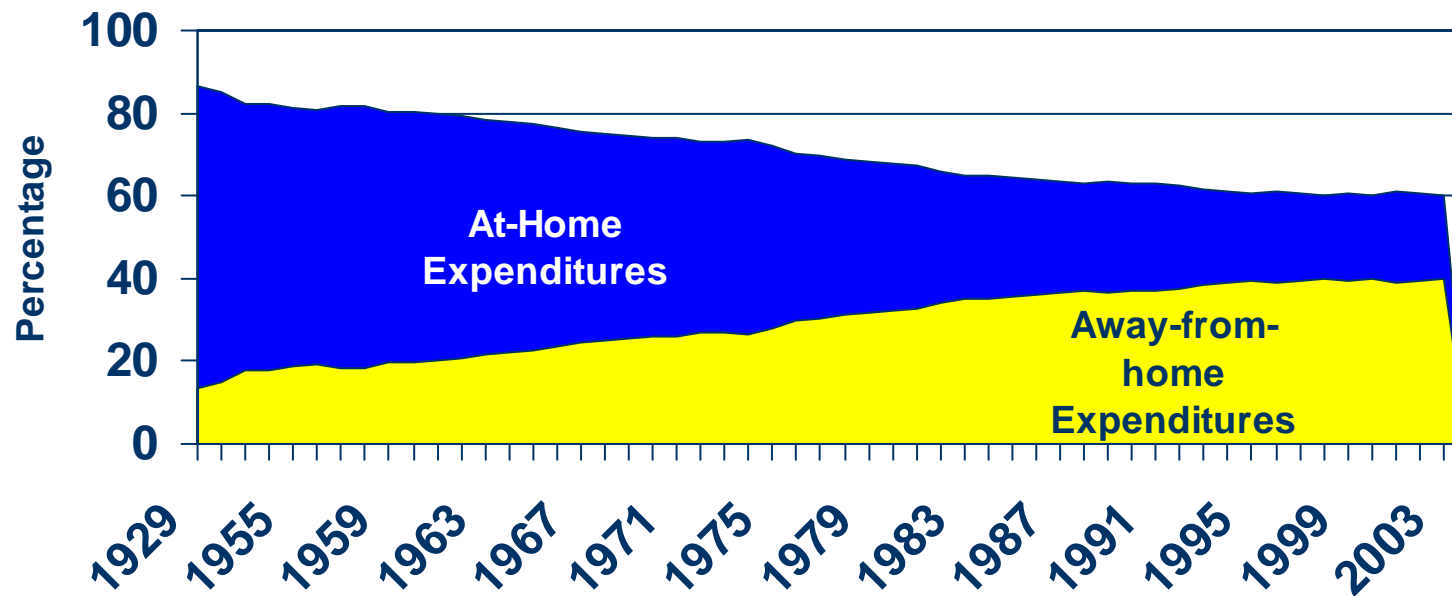


Producer Responses to Consumption Changes (cont'd)

- Increasing attention to foodservice
 - Outreach
 - October 2005 UFFVA/National Restaurant Assn



Food Expenditure Trends

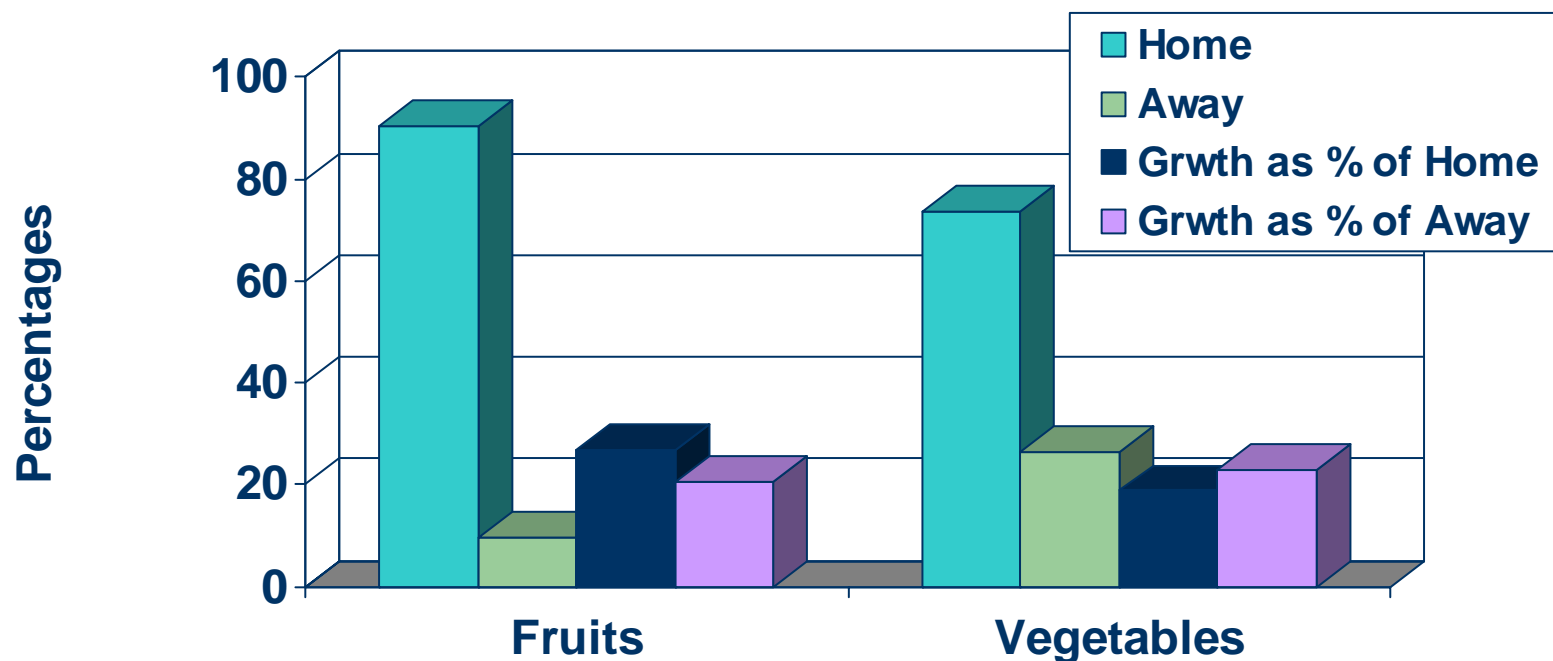


Source: USDA Economic Research Service

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Avg. Produce Expenditures & Est. Market Growth Over Next 15 years



Source: USDA Economic Research Center

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Producer Responses to Consumption Changes (cont'd)

- Supporting industry-wide efforts to educate
 - School snack program
 - Federal dietary guidelines
 - WIC
 - PBH Partner - 5 A Day campaign



Summary

- Adapting to & meeting challenges
 - Consolidating marketing efforts
 - Establishing active relationships with customers
 - Providing new services to stay competitive
 - Targeting niche markets

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Summary

- Creating Opportunities
 - Providing variety
 - Convenience
 - Foodservice
 - Education

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